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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

GALLEON S.A.,
BACARDI-MARTINI U.S.A., INC., and
BACARDI & COMPANY LIMITED,

Petitioners,

-against-

HAVANA CLUB HOLDINGS, S.A. and
HAVANA RUM & LIQUORS, S.A. d/b/a
H.R.L., S.A.,

Respondents.

Cancellation No.

24/08

#2

PETITION FOR CANCELLATION

Petitioners, Galleon, S.A., BACARDI-MARTINI U.S.A., Inc. and Bacardi & Company Limited, are being damaged by the presence on the principal register of Registration No. 1,031,651 of the purported mark HAVANA CLUB and DESIGN for rum (the "Castro Registration") and hereby petition to cancel same.

1. Galleon, S.A. ("Galleon") is a Bahamian international business company with its principal place of business at 49 Collins Avenue, Nassau, Commonwealth of the Bahamas.
2. BACARDI-MARTINI U.S.A., Inc. ("Bacardi U.S.A.") is a Delaware corporation with its principal place of business in Miami, Florida.
3. Bacardi & Company Limited ("Baco") is a Liechtenstein company with its principal place of business at Millar Road, Nassau, the Bahamas.
4. Bacardi U.S.A. is engaged in the business of importing, distributing, and selling distilled spirits, including BACARDI and CASTILLO rums, premixed specialty

drinks such as the BREEZER line of products and MARTINI & ROSSI vermouth and wines in interstate commerce throughout the United States.

5. Galleon is engaged in the spirits business and is the owner of App. Ser. No. 74/572,667 to register the mark HAVANA CLUB for "rum and rum specialty drinks" in International Class 33.

6. Baco is the owner of the internationally renowned name and mark BACARDI and the worldwide registrations thereof and the related business and goodwill. Baco is the successor of Compania Ron Bacardi S.A., a Cuban joint-stock company that was formerly headquartered in Santiago de Cuba. Bacardi U.S.A. uses the name and mark BACARDI in the United States under authority granted by Baco (hereinafter Baco and Bacardi U.S.A. will be collectively referred to as "Bacardi").

7. Bacardi's parent corporation is presently owned by the descendants of Don Facundo Bacardi, who over a century ago in Cuba originated a recipe and process for the distillation and manufacture of rum that has been sold ever since under the BACARDI name and mark. Indeed, BACARDI rum is today the best-selling brand of spirits in the world.

8. As a result of the extensive advertising, promotion and sale of BACARDI rum, American consumers have long recognized Cuban-style rum as being of the highest quality.

9. In a 1937 book entitled Famous New Orleans Drinks, Stanley Arthur opined that "Cuba holds the palm for producing the best rum" (p.37) and goes on to note that Bacardi rum received its name from the Bacardi family of Cuba, well-known distillers and bottlers. Similarly, Alexis Lichine's New Encyclopedia of Wines and Spirits (1987) lists "Bacardi" as "a well-known brand of Cuban rum, now produced in Puerto Rico, Brazil, Mexico and the Bahamas." The Encyclopedia also states that the principal producers of the best Cuban rum prior to Castro's takeover included Compania Ron Bacardi, a predecessor of

Petitioners. On October 14, 1960, the Cuban properties of Bacardi's predecessor were unlawfully expropriated.

10. The manufacture and sale of Cuban rum, that is to say, rum made in the manner originated in Cuba by Don Facundo Bacardi is the birthright of Bacardi.

11. The petitioners have a bona fide intent to produce rum in the future in a democratic Cuba. When the President of the United States, pursuant to the Cuban Democracy Act of 1992, 22 U.S.C.A. Section 6007(b), certifies that a democratic government has been re-established in Cuba such that the U.S. trade embargo with Cuba is lifted, then petitioners intend once again to produce rum in Cuba, the land where Bacardi's rum business began.

12. At present, however, it is not possible for petitioners or anyone else to make rum in Cuba and import and sell that rum in the United States. As American consumers are well aware due to the long-standing embargo of items manufactured in Cuba, rum produced there cannot at present be lawfully sold in or imported into the United States.

13. Bacardi, nonetheless, intends to expand the array of rums Bacardi is presently offering and selling in the United States, particularly Cuban-style rums which are refined, aged, and blended using the processes and formulae perfected by Bacardi's predecessors in Cuba and taken outside of Cuba by Bacardi after Castro's usurpation of power.

14. Bacardi also plans to import and distribute rum in the United States made under authority granted by Galleon. That rum is to be advertised, distributed and sold under the trademark HAVANA CLUB and will be carefully made in the style developed by Cuban rum masters prior to Castro's unlawful confiscation of the distilleries of Bacardi and other Cuban rum producers.

15. To emphasize the Cuban heritage of petitioners' rum, petitioners intend to market such products under brand names and marks that feature the word HAVANA.

Galleon owns an I-T-U application to register the mark HAVANA CLUB for rum and rum specialty drinks. Moreover, Baco has several such I-T-U applications pending, including ones for registration of the marks HAVANA CLIPPER, HABANO CLASSICO, and OLD HAVANA.

16. The presence on the Principal Register of Reg. No. 1,031,651 of the mark HAVANA CLUB is damaging to petitioners because: (a) it gives registrant a colorable right to the exclusive use of the mark HAVANA CLUB for rum in the United States, (b) it places a cloud over Galleon's right to register and use the trademark HAVANA CLUB in the United States, (c) it puts a cloud over Baco's right to register and use its other "HAVANA" formative marks in the United States, (d) it threatens to interfere with the right of Bacardi U.S.A. to import, distribute, and sell HAVANA CLUB rum under the authority of Galleon in the United States, and (e) it threatens to interfere with the right of Bacardi U.S.A. to import, distribute and sell rum under Baco's other "HAVANA" formative marks in the United States.

Respondents' Business & Marks

17. The HAVANA CLUB and DESIGN mark was registered in the United States Patent & Trademark Office ("PTO") on January 27, 1976, based on a purported Cuban Registration No. 110,353, dated February 12, 1974, pursuant to Section 44 of the Lanham Act. 15 U.S.C. § 1126.

18. The registrant was allegedly a Cuban corporation called Empresa Cubana Exportadora de Alimentos y Productos Varios, which translates in English to the Cuban Export Enterprise of Food and Various Products d/b/a Cubaexport (hereinafter "Cubaexport").

19. The HAVANA CLUB and DESIGN mark prominently displays the Spanish legend "Fundado en 1878" and the depiction of a figure in a circle holding a cross or sword.

20. A Cuban company, Arechabala, S.A. of Cardenas, Cuba, had first used the mark HAVANA CLUB in commerce in the United States as early as June 3, 1950. Thereafter, on August 11, 1953, Jose Arechabala S.A. was issued two registrations of label design marks incorporating the words "HAVANA CLUB" on the Supplemental Register under nos. 578,679 and 578,680, respectively.

21. Indeed, the registration of the mark HAVANA CLUB for rum on the principal register that was owned by Jose Arechabala S.A. was obtained under § 2(f) of the Lanham Act, which indicates that the mark HAVANA CLUB had obtained secondary meaning in the United States.

22. Cubaexport was not founded in 1878 as the statement on the HAVANA CLUB and DESIGN mark falsely asserts. Nor was Cubaexport the successor to Jose Arechabala S.A., the Cuban company which first used the HAVANA CLUB name and mark in the United States which company was unlawfully nationalized.

23. Cubaexport was well aware at the time it filed its original application that it was not the owner of the mark HAVANA CLUB for rum in the United States.

24. Cubaexport knew that the HAVANA CLUB and DESIGN mark which it applied for in the United States was associated with Jose Arechabala S.A., the original Cuban company which had previously imported and sold HAVANA CLUB rum in the United States. Moreover, the formula used to make ersatz HAVANA CLUB rum by Cubaexport was materially different from the formula used by the original producers of HAVANA CLUB rum. This formula was changed surreptitiously in a manner calculated to deceive purchasers of HAVANA CLUB rum as to the changed nature of the product.

25. Nonetheless, Cubaexport filed its application under Section 44 of the Lanham Act, falsely asserting ownership of the Cuban registration and submitting a label specimen showing use, when no lawful label approval had been obtained from the Federal Bureau of Alcohol, Tobacco and Firearms ("BATF") by Cuba Export.

26. Under Section 44 and Sections 1 and 45 of the Lanham Act, a foreign applicant must have a good faith intent to use the mark applied for in commerce in the United States.

27. Cubaexport had no intent to use the mark in the United States when it filed its application, and, indeed, knew such use would be unlawful. Rather, its application was made in bad faith for defensive purposes with the intent of foreclosing others from rightfully using the mark HAVANA CLUB here.

28. Rum produced under the supervision of the original registrant, Cubaexport, has never been sold in the United States under the trademark HAVANA CLUB.

29. On or about January 12, 1982, a Section 8 Declaration was filed in the PTO in connection with Registration No. 1,031,651. On information and belief, that declaration, purportedly signed by Fausto Alfonso Man, wilfully and falsely stated that the mark [HAVANA CLUB] "is still in use on goods and services in each class as evidenced by the attached specimen for each class showing the mark as currently used."

30. The Declaration further falsely averred that Cubaexport was the owner of said mark and registration. As alleged aforesaid, Cubaexport, at all relevant times, knew said mark HAVANA CLUB was not owned by Cubaexport in the United States.

31. The label specimen submitted by Cubaexport was never the subject of a lawful label approval issued by the BATF and contained misleading and false statements that precluded approval by BATF.

32. Rights in a trademark in the United States may only be acquired by lawful use of that mark in interstate or foreign commerce that may be governed by Congress. When a foreign national such as Cubaexport registers a mark under Section 44 of the Lanham Act, that registrant must use the registered mark in commerce in the United States within a reasonable period after filing an application under Section 44 of the Lanham Act. Where a mark has never been used, use under the Pan-American convention must be made

within two years and a day in order for a registration obtained pursuant to Section 44 of the Lanham Act to subsist.

33. Regulations propounded by the United States Department of the Treasury pursuant to the Trading with the Enemy Act, have prohibited the importation, distribution or sale in the United States of rum produced in Cuba since 1963. (31 CFR Part 515). Those regulations remain in effect and no rum produced in Cuba may be lawfully imported and sold in the United States.

34. In 1993, Cubaexport purportedly transferred the "HAVANA CLUB" rum business to another Cuban company called Havana Rum & Liquors, S.A. Nearly a year later, on January 10, 1994, Cubaexport executed an assignment of the HAVANA CLUB and DESIGN mark and the U.S. Registration No. 1,031,651 to Havana Rum & Liquors, S.A., which assignment was recorded in the PTO on February 10, 1994. No goodwill or related assets were conveyed with the purported trademark, so this assignment in gross destroyed any possible rights of the purported assignee in or to the mark HAVANA CLUB in the United States.

35. On June 22, 1994, Havana Rum & Liquors, S.A. executed yet another assignment of the U.S. Registration of the HAVANA CLUB and DESIGN mark to Havana Club Holding, S.A., a Luxembourg company in which Havana Rum & Liquors S.A. is a shareholder. No goodwill or related assets were conveyed with the purported trademark, so this assignment in gross destroyed any possible rights of the purported assignee in or to the mark HAVANA CLUB in the United States.

36. The latter purported assignment was recorded in the PTO on September 13, 1994 at Reel 1219, Frame 0428.

37. The purported barter and sale of the Castro Registration, a U.S. asset of a Cuban company, for an undetermined sum to Havana Club Holdings, S.A., a Luxembourg company, was in violation of the Cuban Asset Control Regulations. This

assignment and the earlier purported assignment of said registration were not recorded in the United States PTO within three months as required by the Cuban Asset Control Regulations, in order to conceal the violation by registrants of said regulations.

Fraud in Obtaining and Maintaining Registration

I.

Paragraphs 1 through 37 are incorporated herein by reference.

38. The Registration No. 1,031,651 of the HAVANA CLUB and DESIGN was fraudulently obtained and fraudulently maintained by the original registrant, which had no good faith intent to use the mark in commerce at the time the application was filed.

39. These fraudulent acts and statements include but are not limited to the statement that the HAVANA CLUB and DESIGN mark was owned by Cubaexport at the time of the original application and the statement that it was "still in use in commerce" in the Section 8 affidavit. These statements were wilfully false and fraudulent when made and were done with the intention of fraudulently obtaining and maintaining the registration of the HAVANA CLUB and DESIGN mark on the Principal Register of the PTO.

40. Wherefore, the Castro Registration has been fraudulently obtained and maintained in violation of 15 U.S.C. § 1064(3) and should be cancelled as prayed for hereinafter.

Misrepresentation of the Goods

II.

Paragraph 1 through 40 are incorporated herein by reference.

41. As a result of the aforesaid acts respondents the HAVANA CLUB and DESIGN mark is a vehicle for fraud, and said purported mark is being used to misrepresent the nature, quality, and source of the rum sold under that mark.

Treaty Violations and Constitutional Grounds

III.

Paragraph 1 through 41 are incorporated herein by reference.

42. Contrary to Section 44 the Lanham Act, 15 U.S.C. § 1126, and international conventions, the HAVANA CLUB mark was not used in commerce in the United States within a reasonable period of time after the original application was filed.

43. Indeed the purported HAVANA CLUB mark was never used by the original registrant or any of its subsequent purported assignees in the interstate or foreign commerce of the United States.

44. Wherefore, the purported HAVANA CLUB mark has never been used in commerce which may lawfully be controlled by Congress, so the PTO has no power to maintain the Castro Registration on the Principal Register of the PTO and said register must be corrected and said registration should be cancelled as prayed for hereinafter.

Abandonment

IV.

Paragraph 1 through 44 are incorporated herein by reference.

45. The HAVANA CLUB and DESIGN mark has never been used in commerce in the United States by the original registrant or its purported predecessors-in-interest.

46. Further, the purported assignments of said mark and the Castro Registration have been invalid assignments-in-gross as the mark was never used in interstate commerce, and so the purported HAVANA CLUB mark does not identify goods emating exclusively from an exclusive source.

47. Wherefore, the HAVANA CLUB and DESIGN mark has been abandoned by registrant within the meaning of Section 45 of the Lanham Act, 15 U.S.C. § 1127, and the Castro Registration should be cancelled as prayed for hereinafter.

Unclean Hands

V.

Paragraph 1 through 47 are incorporated herein by reference.

48. Equitable principles require the Castro Registration to be cancelled because the purported registrants have unclean hands and have used said registration and the purported mark HAVANA CLUB, among other things, as a vehicle to violate the laws of the United States.

49. Wherefore, the course of conduct of the purported owners of the Castro Registration, including the acts and omissions alleged as foreshadowed, have caused the purported mark HAVANA CLUB to lose its significance as a trademark within the meaning of 15 U.S.C. § 1127.

WHEREFORE, Petitioners pray:

50. That Reg. No. 1,031,651 of the HAVANA CLUB mark be cancelled .

51. That Petitioners have such other and further relief as the Trademark Trial and Appeal Board may deem just and proper.

Please recognize as attorneys for Petitioners William R. Golden, Jr. and Margaret Ferguson, who are admitted to practice before the courts of the State of New York and are practicing with the firm of Kelley Drye & Warren, 101 Park Avenue, New York, New York 10178.

Dated: New York, New York
July 12, 1995

Respectfully submitted

KELLEY DRYE & WARREN

By William R. Golden, Jr.

Attorneys for Petitioners
Galleon S.A., Bacardi-Martini U.S.A.,
Inc. and Bacardi & Company Limited

CERTIFICATE OF MAILING

Express Mail, Mailing No. EG 17958910245

Date of Deposit July 12, 1995

The undersigned hereby certifies that this paper or fee is being deposited with the United States Postal Service "Express Mail Post Office to Addressee" service under 37 CFR 1.10 on the date indicated above and is addressed to the Assistant Commissioner for Trademarks, 2900 Crystal Drive, Arlington, Virginia 22202-3513.


Margaret Ferguson

KELLEY DRYE & WARREN

A PARTNERSHIP INCLUDING PROFESSIONAL ASSOCIATIONS

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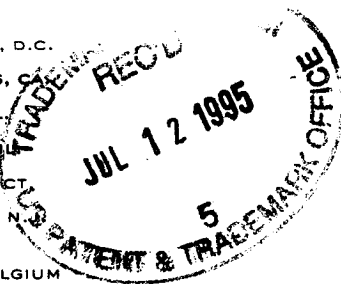
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TOKYO, JAPAN

HONG KONG



July 12, 1995

VIA EXPRESS MAIL

BOX TTAB FEE

Assistant Commissioner

for Trademarks

2900 Crystal Drive

Arlington, VA 22202-3513

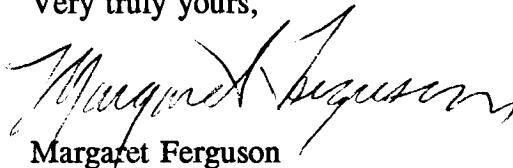
Re: Galleon S.A., BACARDI-MARTINI U.S.A., Inc., and Bacardi &
Company Limited, Petitioners
- against -
Havana Club Holdings, S.A. and Havana Rum & Liquors, S.A. d/b/a
H.R.L., S.A., Respondents

Dear Sir:

We enclose on behalf of Galleon S.A., BACARDI-MARTINI U.S.A., Inc.,
and Bacardi & Company Limited, the original and two copies of a Petition for Cancellation
and a filing fee in the amount of \$600.00.

Please acknowledge receipt of the foregoing on the enclosed postcard.

Very truly yours,


Margaret Ferguson

MF:jwg

Enclosure